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THE

THE CREDIT WORLD

*The Official Organ of the
RETAIL CREDIT MEN'S
NATIONAL ASSOCIATION*

Incorporated

“SEEK to establish upon the foundation of the Golden Rule a profession which will increasingly serve as a constructive factor in the development of the nation's business and an avenue for the development and maintenance of those high principles which must be the basis of all right action.”

—*Code of Ethics, R. C. M. N. A.*

*The Only Magazine in the World
Specializing in Retail Credits*

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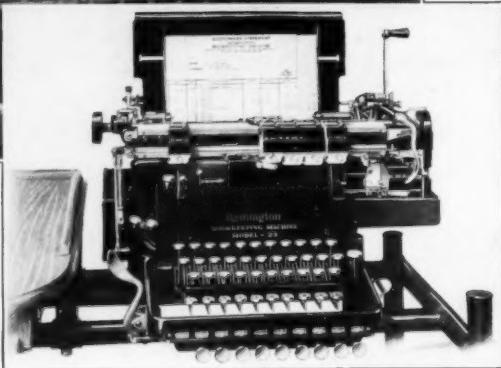


MARCH
1926

Don't Fail to Read the Declaration of Purposes and Accomplishments of Your Association—in this Issue



Issued M



The Incomparable BOOKKEEPING MACHINE

for the Retail Store

Remington Bookkeeping Machines, in use by
BOGGS & BUHL, Pittsburgh, Pa.

have improved their service to the customer, increased office efficiency,
eliminated errors and effected a substantial reduction in bookkeeping costs.

Mr. A. N. Fraser, Secretary-Treasurer of Boggs & Buhl,
gives the following convincing testimony:

"In 1917, upon the entrance of the United States into the War, and the drafting of practically every one of our men bookkeepers, we adopted accounting machine bookkeeping. After a careful study of the available machines we chose the Remington because of its adaptability, simplicity, ease of operation, and economy from the viewpoint of original cost and upkeep. Wage costs were mounting so fast at that time, especially among typists, that one of the most vital factors in choosing an accounting machine was the ability of the inexperienced operators quickly to master the operation of the machine. Our judgment that the Remington offered exceptional attractiveness from this angle was amply vindicated.

"Another of the attractive features of the Remington was its adaptability. We believed that it could be made to fit our way of doing things and that it was not necessary

to buy a system along with the machine. This we found to be true, as after several months' operation, the system then in use being not entirely satisfactory, we worked in conjunction with the local Remington office and developed in the Boggs & Buhl office the bookkeeping system which to this day is the foundation of the Remington Accounting System.

"We are at the present using twenty-five of these machines in our Accounts Receivable, Accounts Payable and Cashier's Departments and have found them entirely satisfactory in every respect. In addition to improving our service we have made a very substantial saving in our bookkeeping costs."

These machines, installed on your work, will give the same time and cost saving results. We have a model to meet every individual requirement. A letter or phone call to our nearest office will bring a practical demonstration of this machine in its exact application to your own needs.

REMINGTON TYPEWRITER COMPANY
Bookkeeping Machine Department
374 Broadway Branches Everywhere New York

REMINGTON BOOKKEEPING MACHINE



THE CREDIT WORLD

Official Organ of the



RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

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EDITORIAL

Aims and Accomplishments of Your Association

REALIZING that many merchants were not familiar with the purposes and accomplishments of the Retail Credit Men's National Association, the Executive Committee of this organization in meeting at Detroit issued the following statement:

"It behooves every merchant to study the situation that credit may be safe and profitable. His study will lead him to seek:

1. Fair laws.
2. An understanding of the economic fundamentals of credit.

3. A community credit policy. No merchant can extend credit profitably without due regard for the customs and practices of his fellow merchants, competitors or not, in or out of his own community.

4. Information about the character, financial standing and paying habits of his customers.

These four things will he seek. He needs a credit structure.

"The Retail Credit Men's National Association is an answer to this need. Its membership consists of merchants and bankers in every state and territory, in Canada, England, and Japan. Its officers, except the Managing Director, serve without compensation. It seeks the profit of every credit granting merchant and his community but asks no profit for itself. All it has to sell is the opportunity to co-operate for the common good, and the results of that co-operation.

"What has it accomplished?

"From thirty-eight members in August, 1912, it has grown to about 14,000 in January 1926. Its officers represent every section of the United States, and are the owners or credit men of great mercantile institutions and

banks. It has headquarters in St. Louis, Mo. under a competent managing director.

"It has developed the Credit Service Exchange Division: An organization of Credit Reporting Agencies, with its own secretary, that provides ready exchange of standard credit information at a standard price, between over 600 cities in the United States and Canada.

"It has developed a system of warnings by which a large number of crooks have been put behind prison bars.

"It has developed a tracing system that has found thousands of delinquent debtors for their creditors, resulting in the recovery of many thousands of dollars.

"It has developed the Four-Point Collection System, which it supplies to its members at a nominal cost, replacing less efficient private systems that cost more.

"It has perfected a system for forwarding collections and issued a list of unreliable collection agencies, thus saving merchants large loss.

"It has developed a system of local organization that has stood the test of time and enabled many localities to successfully operate after previous failures.

"It publishes the Credit World, its official organ. This, the only publication in the world devoted exclusively to the Retail Credit interests, is published as a monthly magazine.

"All the above mentioned accomplishments may be secured alike by the old members and the new, but what more can we look forward to?

"First: To great legislative accomplishment. We can only influence legislation in proportion to our strength, meaning both members and finances. We want the right to garnishee Federal, State and Municipal employees. We want the Postal Regulations changed. We want uniformity in many state laws, and local ordinances to prevent absconding with merchandise before it is paid for.

"Second: We want to conduct such research work as will result in an understanding of the fundamentals of credit, and we want to put the resulting information in the hands of every credit granting merchant and his credit man.

"Third: We want to develop in every community a credit policy. Much that we have already done tends to that result, but there are many communities still not part of our organization, and of those that are, few have developed far enough.

"Fourth: We want to educate the buying public to use its credit as an implement of thrift and accumulation, as well as a convenience, thus helping build a community credit policy.

"Fifth: We want to professionalize the credit man.

"Sixth: We want to develop our Credit Service Exchange Division so that every community may enjoy quick, accurate, credit information at a standard price; so that the delinquent debtor may be followed and collected from."

This statement is recommended to the earnest consideration of every retail credit grantor.

D.J. Woodlock



The Secretary's Page

High Lights from the Detroit Meeting of the Executive and Finance Committees

Both the reports of the Finance Committee and that of the Secretary-Treasurer showed the Association affairs to be in good financial shape.

A steady gain in membership was noted, new members being enrolled at the rate of three hundred a month. An increase in the number of Service Bureaus to 649, a truly phenomenal development.

Arrangements were made to have Mr. Sidney E. Blandford, of Boston, devote six weeks to visiting the most important cities of New England with a view to developing new organizations and helping old ones.

Mr. A. D. McMullen of Oklahoma City, Oklahoma will devote about six weeks to membership work in Oklahoma, Kansas and Nebraska.

President R. W. Watson will spend two months in Ohio and Illinois visiting organized locals.

Mr. J. R. Truesdale, Secretary of the Service Division was asked to push the work of compiling a textbook on Credit Reporting Methods and it was recommended it be placed in the hands of every service unit manager just as soon as possible.

It was recommended the schedule of dues of the Service Division members be rearranged so as to bring an increase of revenue for the development of additional service.

Results reported from the use of our 4-Point Collection System indicate this is an efficient Collection Service.

The Missing Debtor Tracing Department has shown a continual increase in efficiency and is now locating 400 debtors each month.

The Collection Forwarding Department which was only started three months ago is rendering a valuable service to members.

Resolutions on the death of Mr. Loewi were passed.

Mr. W. Strickland of New York was placed on the Research Committee and the Managing Director instructed to make an exhaustive inquiry into the installment-selling question.

The following suggestions for changes in our By-Laws were referred to the By-Law Committee for action at our National Convention:

The date of Nominations and Elections be changed so as to provide Nominations on second day of Convention and elections on third day.

The fiscal year end at least one month before our Annual Convention so as to give ample time for Audit.

That the Finance Committee become part of the Executive Committee.

That the number of Directors be increased and provide for one Director for each state and the District of Columbia.

That Managing Director Woodlock make a study of credit conditions in Florida with a view to assisting in developing the Credit system to meet the increased business requirements.

Let's Go!

Every member get a member! 455 new members enrolled during February. Keep up the good work. We will soon have twenty-five thousand.

Imperial Valley Organizes

The Imperial Valley Credit Association of El Centro, California have just organized and become affiliated with the National Association 100%. This Association includes eight towns in Imperial Valley and starts operation with 95 members. Mr. C. W. Remele formerly of Barker Brothers, Los Angeles is Manager of the Bureau.

This successful Association is the result of the efforts of J. G. Cadman, L. M. Crosthwaite, J. H. Van De Water and President R. W. Watson.

Oklahoma Will Hold State Meeting

The Annual State Meeting of Oklahoma Retail Credit Grantors and Reporting Bureau Managers will be held in Oklahoma City, March 29-30-31.

National Director A. D. McMullen predicts that within ninety days his state will have more organized credit units than any other.

State and Regional Conference of Great Educational Value

During February, there were held three important Conferences of units of the Retail Credit Men's National Association.

The Tri-State at Detroit, Michigan Feb. 8-9.

The New York State at Rochester February 12.

The Minnesota at Duluth, February 12.

The interest in these meetings is manifest by an attendance of over 700 credit grantors. Merchants and credit men are recognizing more and more each year the necessity of an exchange of information as regards credit methods and the officers of the Retail Credit Men's National Association are greatly encouraged in their work of promoting these meetings.

United Creditors

Members having dealings with the United Creditors of Los Angeles, California are requested to advise the National Office.

February Shows an Excellent Membership Increase

455 new members were enrolled in February. This is very encouraging to your National Officers who are anxious to reach the 20,000 mark before July 1st.

Among the notable groups enrolled during February were Portland, Oregon, 140; Imperial Valley, Calif., 83; Sarasota, Fla., 42; New Orleans, La., 24.

The National Office Expands

Constant growth in the membership has made necessary a further expansion of the National Headquarters so as to render the necessary service. The Executive and Finance Committee in its Detroit meeting authorized the rental of an additional office giving the headquarters 2,500 square feet of floor space and one of the most convenient, best heated, lighted and ventilated offices in the country. The development of the Service Division Tracing and Collection department has made it necessary to provide additional space, and in the near future it will be necessary to add to the force of ten employees now busy every minute.



THE CREDIT WORLD

March, 1926



The Value of Retail Credit as Viewed By a Retail Merchant

By J. G. Pattee, General Sales Director, Newcomb Endicott Co., Detroit

Address delivered at the Tri-State Conference of the Retail Credit Men's National Association

Every member should carefully read this interesting talk by a nationally known sales promotion expert on analyzing accounts.

As I see the purpose of this convention and every other convention, it is a gathering of men and women for the exchange of ideas. Someone has very aptly said, "If you have a dollar and I have a dollar and we each exchange dollars, we each have a dollar. But if you have an idea and I have an idea and we exchange ideas, we each have two ideas." So then, if I am to understand rightly the purpose of this convention and other conventions of its character it is for an exchange of ideas. You have come here to give ideas, you have also come here to get ideas. I am afraid too many of you have come to get ideas and not enough of you have come to give ideas.

So then, if we are going to get something out of this convention, we must not only get ideas but we must give them, and we must give, perhaps, a little thought to the origin, the source of ideas. Personally, I have not much faith in the man who comes to me and says he has a new idea, because when we are able to trace these ideas back, we usually find they are but the coordination of certain facts; that new ideas have their origin not out of the clear sky, but new ideas have their origin from a brain that is full of facts. Therefore, if you are going to get anything out of this convention, you are going to get a lot of facts; facts which, perhaps, you cannot use at the moment; facts which, perhaps, are not available to you at any time, but which, recorded in your brain, will sooner or later bring to you what you are going to think is a new idea, but which is really only the coordination of a large number of facts which you have filed away in the recess of your brain.

Now, very often, men confuse the things they think with facts. Or, if I were to ask each one of you, individual-

ly, here, how many people are present in this room, you would give me a certain estimate; it would be your thought, but it would not change the facts one

Not so very long ago, we had a special event in our store, where only about twenty per cent of the list used for advertising was charge customers. It was one of our most successful events, and I discovered, to my amazement, when the records were checked, that sixty per cent of the volume of business for that event came from charge customers, in spite of the fact that only twenty per cent of the list that we used were charge customers. Could there be anything any more illuminating as to the value of charge customers?

—J. G. Pattee

particle, of the number of people here. And what you may think about different things that are being done by different credit men, by different institutions, does not alter the facts one bit, and it is the facts that you want to store in your brain.

There are too many of us who have very little idea of what the word "experience" means; we confuse experience with term of service. We are inclined to think of our experience in the business world in terms of number of years of service, applied to a certain position. Experience, folks, is knowledge that is gained by observation or trial, and the value of this convention and other conventions is that it brings to you or gives you an opportunity to observe the ex-

periences of other men and other women in similar lines of business, without going through all the devious and all the hard lines that you must follow, if you get that same experience through trial. So then, I recommend the getting of experience by observation as well as by trial.

January is usually considered the inventory period; most retail stores take their inventory in January or on the first of February. I sometimes tell our buyers, when they are taking inventory and also when they are buying merchandise, that merchandise is not an asset. We take a list, various lists of all the merchandise that we have on hand at inventory period, and we list it among the assets of the institution. Every dollar's worth of merchandise that we have on hand is a constant liability until that merchandise is sold. We must pay for light, we must pay for occupancy, we must pay insurance, we must pay interest on our investment, we must pay for help to take care of it, and, last but by no means least, it depreciates in value every minute that it remains in our stores unsold; so that merchandise inventory is not an asset but it is a constant liability until the moment that it is sold.

I think exactly the same thing is true of the book accounts that are opened in a store; they are constant liability until those accounts are closed. The interest on the investment is a very important factor; the amount of help that is necessary to take care of those accounts is a very important factor; the room that a charge account office occupies, is a very important factor. So then, I say that unpaid accounts are in exactly the same position as merchandise, and when we list them at inventory period and say we have so much in outstanding accounts, they are a constant liability until those accounts are closed.

It would be well, not only to take a physical inventory at this period, but it is well for us to take a mental in-

An

ventory, and it is well, also that that mental inventory be not only taken now but that it be a perpetual inventory. Today, every big store in the country uses its inventory only as a check-up on its book inventory; it knows how much merchandise it ought to have in every department; so then, the credit man ought to make a mental inventory and he ought to have a knowledge and an intimate knowledge of the facts relating to his phase of the business. He ought to have not only an intimate knowledge of the facts as related to his immediate business, an intimate knowledge of the facts as given in conventions of this kind, as given in his intercourse between different men and women in similar lines of business; and he not only should not wait until inventory period, but he ought to make that a perpetual inventory throughout the year.

Now, you have asked me to talk about "The Value of Retail Credit As Viewed by the Retail Merchant." I have prefaced what I want to say, very briefly, by trying to show you that every dollar's worth of merchandise in a store is a constant liability until that merchandise is sold. Then, if that is true, the value of retail credit is very, very easily determined.

As I see it, the value of retail credit in a department store is of value only as it increases the volume of that store, profitably. It seems to me that is perfectly obvious. It seems to me it is perfectly obvious that every function of a department store should be used for the purpose of increasing volume.

Buying Department! Why, there never was a word applied to a classification of human endeavor that was so wrong as the word "buying." Too many of our buyers are mighty good buyers but damn poor sellers. I often have a buyer come to me and show me a wonderful buy he has made. I would rather he would come to me and say what a wonderful sale he has made, because it does not interest me only to exploit until that merchandise is sold, and it does not interest the head of the store one bit until it is translated into the terms of dollars and cents.

Now, to be very frank to you, I think the credit department of a store is too often considered as a necessary evil. Too many times, there is too great a line of demarkation between the credit department of a store and the selling department of a store, and if I have anything to be thankful for in the little more than two and a half years I have been in Detroit, it has been for the splendid co-operation I have had from our Credit Department, because it has made things very much easier for me.

Now, what you people want to know, of course, is how—if the things I said

are true, and you know they are, because they are facts, they are not what I think, they are facts—, you are interested to know how the credit department of a department store or any store can help profitably to increase the volume.

I think there is no place in a department store where there is so much record of information that is of value as in the Credit Department of the store. It is sometimes very difficult to get that information out, but once you have analyzed it and once you have been able to get that information, it is illuminating.

Not so very long ago, we had a special event in our store, where only about twenty per cent of the list used for advertising was charge customers. It was one of our most successful events, and I discovered, to my amazement, when the records were checked, that sixty per cent of the volume of business for that event came from charge customers, in spite of the fact that only twenty per cent of the list that we used were charge customers. Could there be anything any more illuminating as to the value of charge customers?

It seems to me a self-evident thing that, had our entire list been composed of charge customers, our returns would have been very, very much greater. So it seems to me that the charge office ought to be on its toes all the time to avail itself of every opportunity of adding to the charge lists of people who can be profitably sold.

If you were able to take every one of your stores and make an analysis of the purchases of each charge customer, you would be amazed. Before I came to Newcomb-Endicott's, I spent some years with a dry goods economist in New York; it was my privilege to travel all over the United States and Canada, and interview many, many merchants, both large and small, discuss with them their various problems.

I remember very clearly an occasion where I was once sent to a store to make an analysis of that store's business. I was very much amazed, when I started my analysis, to find that one department of that store was carrying the whole store, such as it was being carried. The only profitable section in that store was the ready-to-wear, and I was quite amazed, when I got into things a little bit deeper, when I was able to talk to the young man who had charge of that department, and then when I finally went into the office and had a complete analysis of the charge accounts made, to find in this small store with thirty-three hundred odd accounts, that there were seven hundred and fifty women who, every season,

came in consistently and bought ready-to-wear and did not buy another dollar's worth of goods in that store, as yet, to get to that department, they had to come in the front door, walk one hundred and ten feet to the elevator and go up to the second floor. For a period of twenty-two months—the time this survey covered—, these seven hundred and fifty-two women never stopped an instant, went from the entrance to the elevator and then to the second floor, made their purchases and walked out, not another dollar's worth of merchandise was charged in that store.

I know of several surveys that have been made recently. I know of one survey where they discovered the thirty-one per cent of all the charge customers in that store, over a period of twelve months, bought in only one department of the store; some of them it was one department, some another department, and some another department. Of the entire store, if my memory serves me correctly, forty-nine per cent bought in only two departments of the store, one or two.

Now, it seems to me that if I were not able to bring you any other message than this message, I am bringing you a message that is of prime importance to you, that is of prime importance to your stores. The analysis of your accounts will show you where customers are buying and where they are not buying; it cannot be made by the Sales Department, it cannot be made by the Credit Department alone, it has to be made with co-operation throughout your entire stores.

You say, "How would we use this information?" I know this: that for every new customer we get into our store, it costs a lot of money, and I know it is a darn sight easier to sell an old customer \$100.00 worth of merchandise than it is to go out and dig up a new customer and sell her \$100.00 worth of merchandise. So I say that this information is of vital importance and worth every bit of effort that you put into it; and you are not only going to be surprised, yourselves, but you are going to surprise your superiors.

I wish I had time to give you some details of some of these other stores and how they are operated. In this little store down in the South, that I mentioned first, one of the things we did there to change the situation, we took the departments that were on the same floor—they were millinery, underwear and corsets—, we went through the books very carefully, analyzed the accounts of these seven hundred and fifty-two women, and we found, as far as possible, who was waiting on the

(Continued on page 20)

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An Efficient Card Record Collection System

By W. J. Johnson, Credit Manager

Ville de Paris (B. H. Dyas Co.) Los Angeles, Cal.

Number	5	INQUIRY TICKET		
			2-16-35	
Full Name (Surname First)		Wife		
Caldwell Mr. Geo. B.		(Anna)		
Residence Address		Former Residence Address		
7354 Hollywood Blvd., L.A.		1402 Edgecliff Dr., L.A.		
Business Address		Occupation or Business		
704 Security Bldg., L.A.		Maintenance Supt.		
By Whom Employed		How Long		
So. Calif. Telephone Co.		1½ years		
Real Estate		In Name of		
Residence		Jointly		
Banks With Checking Acct.		(Exact Name Account is Carried in) Bank of Italy - George B. Caldwell		
Savings Acct.		Anna Caldwell		
Check Report Desired <input checked="" type="checkbox"/>		Trade Clearance	Regular Report <input checked="" type="checkbox"/>	Special Report
List Local Mercantile References				
<p>Bullock's Robinsons Barker Bros.</p> <hr/> <p>List Out of Town Mercantile References</p> <p>Marshall Field - Chicago Maurice Rothchild - Chicago</p> <hr/> <p>Give personal references, if any, on reverse side</p> <p>M. R. Lawler - 1846 - 10th Ave., L.A. Mrs. C.P. Ferrell - 4936 Poinsettia Dr., L.A.</p>				

No doubt, many Credit World readers will be interested in the Collection System which is being successfully used in our work.

Since the "Inquiry Ticket" (figure A) and the "Collection Card" (figure B) form the basis of the system, both are reproduced here for your benefit.

The information contained on the card will not be described in greater detail since it is self-explanatory. The manner in which it is brought into use will first be outlined and later the arguments that led to its arrangement and its advantages. The skeleton collection card is immediately available for every account since it was made simultaneously with the opening of the account.

A credit report is obtained (from the local credit association) on every customer. As the inquiry ticket is a type-written abstract of the long-hand application taken at the time of the interview, a copy is made of the upper part of this form. The card is then filed alphabetically until needed as a collection guide or as a basis for a mailing list.

The collection activity or control may be begun immediately upon the observation of slowness, overbuying, receipt of detrimental information, etc. Since slowness is in the main, the principal reason for hastening collections, a detailed outline of the procedure of the mechanical details of collection will be outlined.

Open accounts not paid by the tenth of the month following the date of purchase are by our terms, and by common practice of other merchants in this city, considered past due. This has, in each instance, been fully explained to the customer at the time of opening the account. The degree to which the customer has been educated to understand this, together with the habits and previous collection control of accounts receivable, causes a definite percentage—say 60%—of outstanding accounts to be paid on the due date. Within the next thirty days another definite fraction of receivables are collected without special collection effort.

or expense. The unpaid increment now becomes the target for the collection control. These delinquent accounts are determined in the following manner:

After the tenth of the month a collection clerk checks each ledger to determine the accounts falling into this class. When one is discovered, the account number only is noted in a dater book and the clerk proceeds to the next account until this routine has been completed. On the date indicated, the cards listed in the book are obtained from the inactive collection file and are brought to date (see cut); the address is checked from the ledger sheet and the last payment noted on the reverse of the card. The collection card is now complete and goes immediately to the collection manager for disposition. He indicates the action to be taken; the card is dated up ten days so that it will not be lost, and the disposition he indicated is then made. Whatever action was taken has been noted on the card in abbreviated form and becomes a permanent record. Some of the cards are simply dated ahead, letters are written to some, some customers will be telephoned, some will require unusual treatment.

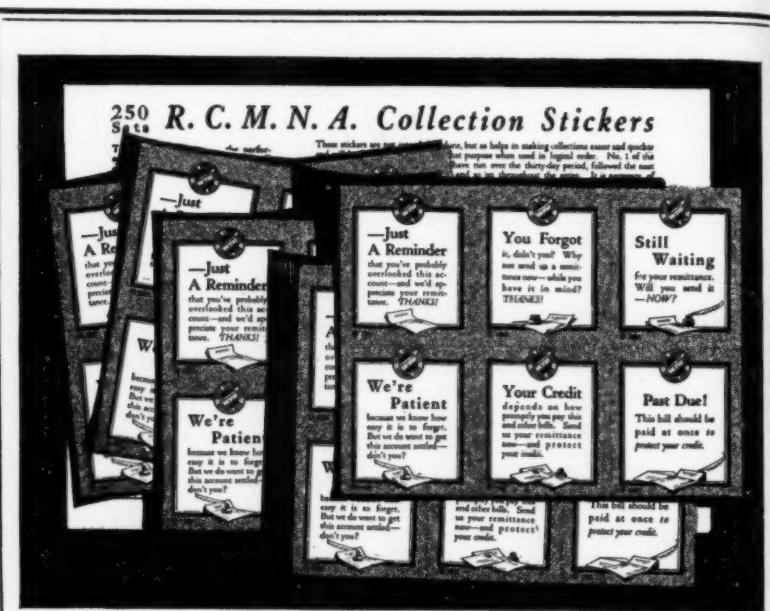
The collection card is then filed in the Active file and on the date indicated in the date book it is compared with the ledger and the status determined. If a customer calls in person or telephones regarding the account the card is immediately available. Additional purchases are noted and partial payments noted. If the total has been paid, the card is marked "Paid," and is transferred to the inactive file. The process continues until the account has been brought to terms.

The splendid warning service, comprising a daily list of court actions, divorce suits, chattel mortgages, deaths, liens, homesteads, bankrupts, and miscellaneous warnings of various sorts, is incorporated into the collection scheme as follows:

When a warning notice is received, it is immediately typed on the reverse side of the collection card, whether the account is active or not, and the card brought to date and to the attention of the credit manager. Collections are followed in conformity with the information. The routine is sure and automatic.

It will be noticed that a varied collection of cards are brought to the attention of the collection manager. A card may represent an old offender, a new delinquent, a closed account, a notice of divorce suit, or one representing an account that requires additional action since the last date of ten days

(Continued on page 24)



Read these stickers—they carry money-getting messages

"Collect The Money And Sell Again"

—W. J. Johnson, Credit Mgr., Ville de Paris, Los Angeles, Cal.

"Collect the money and sell again," says Mr. Johnson in his article beginning on page seven.

"When the collection of the account is delayed the customer may avoid you . . . collect the account and he is in better mood, position and inclination to buy again."

Get the Jump on Collections with the National Sticker System!

Start right now on your overdue accounts. These stickers, inexpensive, almost automatic, will take a big expensive load off your collection department. And, they'll get the money without offending the customer.

All that is necessary to start the system is to make up statements of all your overdue accounts, attach sticker number one and mail them. Ten days later repeat with number two and so on—even your most hardened slow-pay, by the time he has received the entire series will realize that your bill will have to be paid.

Six Stickers to set as shown—printed in two colors, text, emblem and inside border in black, wide outer border in bright blue. Packed 250 sets of six in strong envelope as shown, with full instructions for using.

250 sets of six (1500 in all) \$2.00.
1000 of any one sticker \$2.00

**Retail Credit Men's
National Association**

Equitable Bldg.

Saint Louis

Instructions in Opening and Handling Charge Accounts

By H. J. Burris, Credit Manager, Berkson Bros., Kansas City, Mo.

First, there is the taking of the application for credit from the customer. This should always be done on the regular application for credit blank, which blank should be filled in just as completely as possible, taking care always to treat the customer with tact and kindly consideration, for in so doing, you gain their confidence and respect, and form in their minds a kindly feeling toward you and the firm. Please bear in mind, however, that all applicants for credit should be treated just as nearly alike as possible, and that personal friendship, or friends of any member of the store's staff, should not be given charge accounts because of that fact. The records of all stores show that an unusual number of losses are made through granting credit without investigation to supposed friends of the management, or employees. Each applicant for credit should be told that the application will be investigated, and that it will be done as quickly as possible, at which time you will notify them. If the application does not call for out-of-town references, this should be possible within a period of from 24 to 48 hours. Of course, in a great many cases, this time can be very materially reduced, if the applicant is thoroughly established in a credit way in your city.

Upon receiving the report from your credit bureau, this report should be pinned to the original application, and after careful study of this report, you should determine in your best judgment the amount of credit that this party can safely be extended, and place this amount as the limit on the account. This limit cannot be judged always as inflexible for the customers may demonstrate their ability to handle larger amounts, and in this case, you naturally would extend the limit to accommodate them. In other cases, you may find that you have limited their account too freely, and through their failure to pay their bills promptly demonstrate the fact that their limit should be reduced.

There may be times when a sale may be made to an applicant with whom you do not feel justified in opening an account, through the applicant's failure to obtain a responsible party to sign a

guarantee on the account. However, guaranteed accounts do not as a rule prove to be satisfactory, and I do not recommend their use. The average person will sign a guarantee, not realizing what he is doing, and when called upon to make good on the guarantee will object, and you have made another enemy for the store through no fault of your own. If you do take guaranteed accounts, be sure to make it thoroughly plain to the party signing the guarantee that he will be expected to pay the account should it not be paid at the proper time.

You will often times be asked by your customers for more than 30 days' time to pay for large sales, such as fur coats, fur pieces, and the more expensive cloth coats. Where you have good reason to believe the customer has the ability to handle a sale of this nature not to exceed over three months, you can make the sale as a special permit sale, with the understanding that the balance will be paid in 60 or 90 days, as the case may be. In a great many of these cases, it is a good idea to take the customer's note for the amount of the sale, payable in 60 or 90 days. This note impresses upon the customer the idea that you are granting them special terms, and you always have evidence in writing of these terms, which will greatly assist you should you be compelled to take legal action to collect the amount later on.

An applicant for credit should receive a letter from your office as early as possible, telling them whether or not their account has been opened.

The credit file should be strictly maintained, keeping all applications in alphabetical order, and all correspondence pertaining to any charge account should be filed in its proper place in this file.

In handling charges, you are advised to be conservative, yet not overly so, remembering always that you are handling the firm money, and that by your decisions the firm gains or loses business and good will.

The second, and most important, step in handling charge accounts is the *collections*. The successful credit man or

credit women is the one who is a *good collector*. By this, I do not mean that you are to be hard boiled or unkind in your treatment of those who owe you. You will find that the general public, even though its intentions are good, is easily influenced in the manner in which it pays its bills. If you let it be known, always in a respectful manner, that you expect your bills paid promptly, and insist upon your terms being lived up to, your customers will as a rule take that course. However, if, by your acts, they see that you are careless, and not watching your accounts, they will form the habit of paying others and letting you wait.

The proper term on charge accounts is settlement in full between the first and tenth of the month following that of purchase. Bills should *ALWAYS* be sent out on the evening of the last day of the month, and all accounts which are more than 30 days old should receive the second, or past due, notice on or about the 15th of each month. The wording of these past-due notices, must of course, be governed by the length of time the account is past due. It is a good idea to keep a card file of all accounts more than 90 days past due, and work on these accounts every day by telephone or by letter until you succeed in collecting them; but if you should be unable to collect them, after exhausting all your own efforts, then place the account in the hands of some responsible attorney for enforced settlement.

As I have previously informed you, it is very much to your interest to join and take an active part in your local credit association, and support the local credit bureau to the fullest extent. Remember that in order constantly to receive from the credit bureau, and the credit association, you must constantly give, and that only to the extent that you give will you receive. You should read everything that you possibly can covering retail credit, especially the Credit World, published by the National Association, of which your firm is a member. There are other very valuable books published, the names of which I will give you, if you so desire.

Turning Down an Applicant For Credit

By Victor Comte, Credit Manager, The B. R. Baker Company,
Toledo, Ohio

You ask for suggestions as to the best method of "turning down" or refusing, credit.

After spending a number of years in credits, I have come to the conclusion that it is almost impossible to adopt a fixed rule of ethics in a matter of this kind. I find that almost every case must be handled differently on account of circumstances.

For instance: a young man just starting out in life has no antecedent record by which you can be guided. He may have been a cash customer and you will want to hold his trade even though you cannot take his account. I have found that a very good way to let him down easy is to hand him a Guarantee Blank and ask him to have some responsible party sign it, when you will be very glad to accommodate him. He will leave you feeling very kindly toward you believing that he will have no trouble to get some one to vouch for him. When he finds, however, that this is not so easy, he will return and tell you that he has decided to pay cash. Thus, you have been spared the unpleasant duty of refusing him; have saved him the humiliation of being "turned down" and retained him as a cash customer for your house.

Here's another case: A party is thoroughly honest but, through adverse circumstances gets behind and, as a result, has slow-pay ratings, though he is doing the very best he can to get caught up. Such a one must be handled with the utmost caution, for the least intimation that his honesty or sincerity is questioned may cause him to get discouraged and induce him to resort to the Bankruptcy Law or allow his accounts to go by default.

In such cases you will find a little fatherly advice will usually be accepted in the right spirit. Tell him that you find he has a most excellent record but that you don't think it would be prudent for him to increase his obligations at this time; that the thing for him to do is to try to reduce his outstandings a little more; that you will place his application on file and just as soon as you feel he is in a position to add to his obligations without the attendant danger of impairing his credit, you will gladly reconsider the matter.

Now we come to the case of one who tells you that he has never had credit anywhere; that he does not believe in

credit generally; that he has always made it a practice to pay cash. When you get your report from the Rating Bureau, you find that he has had numerous credits and possibly is still indebted at the time and maybe some of the accounts are out for collection. Such a person should be told the exact condition of his standing and if necessary the number of accounts you have learned are against him with the amount of each, if possible (not mentioning, of course, any names without first obtaining the consent of the merchant owing) and make very clear to him that before he can hope to obtain credit anywhere it will be necessary for him to clear his record; that no matter where he applies they will call the Bureau and get the very same report that you did and naturally with such information they would necessarily have to refuse him; that each time he is refused he is adding another impediment to his standing.

Tell him that you stand ready to help him restore his credit and that he should

feel free to call on you at any time and you will be glad to advise with him. I think it is a mistake to ever intimate that you know who he owes. Tell him that your information came from the Rating Bureau; that all you are interested in is how he pays his bills. It is immaterial to you whether he owes Brown or Smith. If he insists upon knowing refer him to the Bureau rather than divulge the information yourself.

Ask Wives to Sign Credit Applications

At a recent meeting of the Memphis Retail Credit Men's Association, four of the biggest department stores launched a movement to change the present plan of extending credit to married couples so that the wife will be asked to share her husband's credit obligations.

A committee made up of R. William Son, of Lowenstein's; M. C. Schwab, of Levy's Toggery Shop, and George Lawo, credit manager of Gerber's department store, will revise the credit application blank so that, under the new arrangement, the wife will have to sign, as well as the husband.

Stores here claim that a great deal of money has been lost through divorces.

This account is so small you've probably overlooked it, but it saves bookkeeping to get these small balances off our books. Don't bother to write a check & get a money order—just enclose coins for the amount due in this envelope, fill in your name, address and amount—and the flap and return in the large envelope attached. THANKS!

Name _____
Address _____
Amount Enclosed: \$ _____ cents

Try This Method On Small Balances

Here's an inexpensive method for the collection of small balances. You know how costly and exasperating those small balances are! "Too small," the customer thinks, "too much bother to write a check for a few cents."

So you have to send statement after statement—your bookkeepers have to

carry these small balances over month after month—until the cost of collection exceeds their value!

Make it easy for your customers to pay small amounts—send one of these reminder-envelopes with each small balance statement and eliminate collection worry.

Price \$4.75 per 1000

Order from the National Office

The President's Message

IV. The National Structure

Month by month, I have tried to bring to you a visualization of our Association structure, to discuss our various activities, each as a unit of one structure—not each as separate structures. I have tried to discuss the functions of each unit and their relation to the whole.

The last three "messages" have dealt, respectively, with the reporting bureau, the local association, and the state, or regional organization. They have pictured the reporting bureau, that is the composite credit information of the community, well financed, efficiently managed, serving well the community; the local association affording such contact among merchants that a community credit policy is produced, a chapter of the R. C. M. N. A., of course; a state or regional association for developing exchange of information between communities, and the holding of conferences for study of important factors of retail credit.

Having studied the units of organization and realized their respective fields of usefulness, one is forced to the conclusion that each field is definitely restricted. That, even as the three units depend on each other, so do all three prove individually and collectively insufficient. If each unit be developed to the ultimate, and the three be linked together, there is still much that is fundamental left undone. We must have our National.

Finally analyzed, the merchant's first need is not information—it is an understanding of the fundamental economics of credit as an implement of business.

Both economists and great merchants claim it is cheaper to serve a thirty-day charge account than a cash customer. But what after the account is past due thirty days—or sixty days—or ninety days? What has happened to profits?

A credit man says it costs $3\frac{1}{4}$ % of the volume of credit extended to operate the credit department, including loss by bad debts. Another, equally large, says it costs $1\frac{1}{4}$ %. Who is right? Thousands of big mercantile institutions today find their net profits around only 1% on their turnover.

The difference between the two mentioned costs is twice that rate and affects from 40% to 70% of the whole volume. What is right?

Credit can be justified as an implement of business only if it produces economy of operation for the merchant. Its mission is principally to increase volume, and to use it enough to materially increase volume means we must

merchandise should be more in harmony. Many states have poor laws for the protection of the merchant. Some municipalities need moving ordinances, etc. But can the individual get even the latter on the statute books—can the single community secure state legislation? Can we even decide what best practice is, unless we draw on the experience of the Nation—and is there hope of accomplishment except by national effort?

If a community credit policy is profitable, should not all communities enjoy the benefits thereof? And who shall carry the gospel of the organization to the community that knows it not? Who—but our National?

And who shall back the various communities to support their reporting bureaus? Who will watch the bureaus to best serve their community? Who—but our National?

My page this month is far too small to detail the place our National has and will develop in the field of American retailing. But ponder these few thoughts, fellow-member, and decide, as I did long ago, that if our National were to die tonight and disintegrate utterly, it would be reborn tomorrow in surpassing vigor. We must have our National, and we must develop it in a way commensurate with the use of credit as an increasingly important implement of business—or discard retail credit as an economic fallacy. Read this message over again, friend,—and close your eyes a moment. Do you not see a structure? Is it a thing vague—a chimera? Do you not see how we may build this structure so that retail credit will truly become an implement of thrift and accumulation, as well as a convenience, for our buying public? So that it will become a builder of volume, a reducer of costs, a source of profit, to our merchants?

To our work, then, with renewed energy. Now, while the springtime quickens our ambitions and replenishes our energy, is the opportune time for useful effort. Now will be more hearty response to our appeal than in the dog days when men are tired. Let us at it now, and take pride in every little gain.



RALPH W. WATSON

take some bad debt loss. But how much? Some merchants take less than one-tenth of one per cent. Others in the same lines all the way up to $1\frac{1}{2}$ %. I know a credit man whose loss has been one-half of one per cent whose firm have instructed him to double that loss, on the theory that the increased volume will make the additional loss profitable. Is this firm right?

Many such questions—questions of economics, all—are today bothering the merchants of America. Can the individual answer them? Can any community of merchants answer them?

The experience of the Nation can answer. Only a national association can gather and distribute the information that will ground our merchants in the economics of retail credit.

We have a faulty national bankruptcy law. We should have the privilege of garnishment of government employees. Federal postal regulations should help us and not hinder us. Our state laws affecting the distribution of

Charge Sales Chks

A button pressed in the credit office causes the phone to perforate the charge slip thus authorizing the charge.



One of the National Electric Credit System charge phones, showing charge slip inserted ready to be stamped O. K. from the authorizers' board.

The charge phone also prints the date on each charge check.

THE JONES COMPANY, Chicago, Ill.			
SECTION	SALES NO.	INSP. NO.	
24	19		
Mr. Mrs. or Miss	First and Middle Names	First letter of last name	Balance of Name
<i>Mr. John Smith</i>			
Street	1164 Monroe St.		
Place	<i>City</i>		
Shipping Instructions	<i>Self</i>		
1 Shirt 7 00			
ACCOMMODATION DATE			
2 FEB 11-26 CH			
TOTAL			

The Jones Company, Chicago, Ill.

DATE	CASH FROM CUST.	SECTION	SALES NO.	AMOUNT OF SALE
2/11/26			24	7 00

Charge slip after having been authorized by the credit office.

THE NATIONAL CASR

Books do not leave the department

—*Another advantage of
National Charge Phones*

VALUABLE time is lost when charge slips are sent to some distant point in the store to be O K'd and returned.

With the National Cash Register Charge Phone System all such delays are avoided. The charge slip is O K'd and stamped over the charge telephone by the credit office. The slip does not leave the department.

It is not mixed up with cash or charge transactions of other clerks as is the case when a number of slips are sent back together from some distant point.

A customer is not neglected or delayed because the slip is in plain sight of the salesperson while it is being O K'd by the credit office, and is thus given prompt attention.

This is the quickest, safest and most satisfactory system for the authorization of charges ever devised. Investigate it.



SREGISTER COMPANY **DAYTON,
OHIO**

Legal Suggestions

By J. L. M. Shetterley

MINORS

"Minors are males under twenty-one and females under eighteen."

"Under this rule a male majority is reached in the first minute of the 21st birthday, and female majority, in the first minute of the 18th birthday."

"Contracts made by a minor over eighteen years of age may be disaffirmed upon restoring the consideration to the party from whom it was received, or its equivalent."

"A minor cannot disaffirm a contract otherwise valid to pay the reasonable value for things necessary for his or her support, or that of his or her family, entered into by him or her, when *not* under the care of a parent or guardian, able to provide for him or her."

"The law in its wisdom shields minors from their lack of judgment and experience and invests in them, under certain conditions, the right to disaffirm their contracts. It is the policy of the law to discourage adults from contracting with infants, and the former may not complain if, after a case of this violation of the rule of conduct, they are injured by the exercise of the right with which the law purposely invests the latter, nor charge that the infant, in exercising the right, is guilty of fraud."

"If the contract which the infant would disaffirm was made by him when he was over the age of eighteen years, he must, as a consideration of the disaffirmance, restore the consideration, or its equivalent. *This requirement applies, however, only to contracts made by the minor over the age of eighteen.*"

"A minor under eighteen may disaffirm a contract without restoring, or offering to restore, the consideration."

From the above you will see that a contract made by minors living with their parents while they are under eighteen, may be disaffirmed, that they do not have to return the consideration, and that you could obtain no judgment against them.

If they are living with their parents, or under their control, you cannot hold the parents for such accounts, and therefore I do not believe you can get a judgment against any of them.—*Credit Echoes.*

"The members of the Retail Credit Men's National Association acknowledge a clear and definite responsibility to render service not only with justice, but also with the largest possible measure of efficiency and true economy; efficiency in order that the merit of service may be the greatest, and economy in order that the cost of service may be the lowest."—*Code of Ethics, R.C.M.N.A.*

**A Resolution Passed
By The National Retail Dry Goods Assn.****Installment Selling**

The resolution reads:

Whereas, The rapid extension of the installment system is a question occasioning some concern, and whereas the National Retail Dry Goods Association recognizes that inherently there is much to be said both in favor and in opposition to installment selling; be it

Resolved, That members of this association be urged to practice care and caution to the end that business conditions may not suffer as the result of a too great and sudden expansion of credit conditions; and be it further

Resolved, That it is the suggestion of this Association that in the application of this system to retail distribution it be surrounded by every safeguard that experience has shown wise in the expansion of credit, particularly the necessity for the checking of the individual credit of the applicant, a substantial down payment in cash and a curtailment in the spread of time over which the payments are to be made.

Good Publicity

The Associated Retail Credit Men of Spokane have published the following advertisement in attractive display in the daily paper:

The following resolution passed by the Associated Retail Credit Men of Spokane on February 10, 1926, should guide you in the future handling of your accounts:

"Beginning with the month of March, 1926, regular members shall report to the Spokane Credit Men's Rating Bureau, between the first and tenth of each month, every account on their books that is ninety days past due, and in addition thereto, the total amount then owing on said account.

"The secretary of the Association shall provide the members with cards designated for this purpose, on which they shall report the name, address and amount of the account."

**Associated Retail Credit Men
of Spokane**

**Affiliated With the Retail Credit Men's
National Assn.**

**Retail Credit Men's
National Association Convention**

Los Angeles, August 10-13, 1926

**Special Train
Leaving St. Louis 1:30 P. M. August 4th**

visiting en route

Colorado Springs

**Albuquerque, New Mexico
Grand Canyon National Park**

Members' families and friends are cordially invited to join the party. For additional information, Pullman reservations, etc., call or address any Santa Fe representative or

C. N. Merriam

Chairman Transportation Committee

Associated Retail Credit Men and Credit Bureau of St. Louis
416 N. 4th St., St. Louis, Mo.

E. H. Dallas

District Passenger Agent

Santa Fe Railway
296 Arcade Bldg., St. Louis, Mo.

What You Can See When You Attend The National Convention

By D. J. Woodlock, Managing Director Retail Credit Men's National Association

The trip to Los Angeles for the 1926 convention will give members of the association a fine opportunity to "See America First" without any large extra expenditure of time or money. All the more famous National Parks—Yellowstone, Glacier, Rainier, Rocky Mountain, Yosemite, Sequoia, Grand Canyon—and other notable scenic places, such as the Missions of California, Mt. Tamalpais and the San Francisco Bay region, the Columbia River Highway, and Puget Sound, lie along the route to and from the convention and many members already are beginning to plan how they can take in these attractions most advantageously. This article has been prepared to tell them some facts about stopovers and other privileges which will aid them to plan their itineraries.

In the first place, it is important to understand some of the more technical privileges allowed by tourist tickets. There is a wide variety of routes to choose from and almost any combination of these routes can be used for the round trip, going one way and returning a different way, so as to take in as much of the country as possible. Furthermore, transcontinental excursion tickets to California usually can be routed to include both San Francisco and Los Angeles without extra charge. In other words, it usually costs no more to go to Los Angeles, then to San Francisco and return home, than it does to go only to Los Angeles and back over one route.

And most important of all, tickets to California can be routed through the Pacific Northwest in either direction for about \$20 more than the fare direct to Los Angeles and return; this small addition to the railroad fare gives a thousand miles of scenic travel, making the trip a real circuit of the West and taking in Portland, Tacoma, Seattle, Spokane, snow-capped Shasta, Hood and Rainier, the great forests and fertile plains of the Pacific Northwest, with liberal stopover privileges to visit these cities, Rainier National Park, Glacier National Park, and Yellowstone National Park.

Stopovers on these tickets are unusually generous, subject to the final expiration date of October 31st.

For the sake of brevity, details of the sightseeing opportunities open to the members will be outlined here on the assumption that they will go to Los Angeles first and continue "looping the loop" around the rim of the United States from Los Angeles by way of San Francisco, Portland and Seattle. Of course, this itinerary can be reversed if desired and the trip routed through the Pacific Northwest to California and then home direct over any route. In either case the cool summers in Seattle and Portland, with their refreshing breezes from salt water or snowy mountains, will make the trip easy and delightful.

There are several routes direct to California—or returning from California as the case may be. Delegates can go by way of Colorado, stopping off at Denver and Colorado Springs and taking time for motor trips to Rocky Mountain National Park and Pike's Peak, then going on to Salt Lake City for another day of sight-seeing and from there direct to Los Angeles. Another route runs farther south through New Mexico and Arizona, affording opportunity for a side trip to Grand Canyon National Park. And still another route goes still farther south until it touches Old Mexico which can be visited by stopping off at El Paso and taking a street car across the Rio Grande to the picturesque city of Juarez; this route also connects with the beautiful Apache Trail motor trip in Arizona.

Between Los Angeles and San Francisco there are two routes, one up the rugged coast and the other inland through the San Joaquin Valley, center of the world's raisin industry. The latter route goes within easy reach of Sequoia National Park, the Park of the Big Trees, oldest and largest of all living things, and also within reach of Yosemite National Park, famed for its valley of wonderful cliffs and waterfalls.

The trip from San Francisco to Portland includes a wonderful view of snow-capped Mt. Shasta, more than 14,000 feet high. Portland is a modern metropolis of several hundred thousand population, the largest wheat and lumber shipping port in the United States, and famed as the City of Roses which

grow outdoors in profusion the year 'round. Passengers should stop off at Portland to take a drive over the Columbia River Highway, one of the world's most scenic roads.

Seattle is just six hours by train from Portland, a wonderful city of half a million where mountains and ocean meet. It is a rare experience to stand at sea level and look up 14,500 feet to the stupendous bulk of Mt. Rainier rearing its snowy head through the clouds. Paradise Valley, 5,500 feet up the mountain, is just a day's motor trip from either Seattle or Tacoma, the latter being situated just one hour south of Seattle on Puget Sound.

Visitors to Portland, Tacoma and Seattle, will enjoy gastronomic as well as scenic treats—fresh salmon, the delicious tiny Olympia oysters, berries of astonishing size and juiciness, fresh prunes, cherries, and apples in season, for this region is prolific in producing for everyday consumption what people of other sections know as delicacies.

Seattle is one of the great ports of the world and ships of all nations visit her harbor. The industries of the city are varied.

Just overnight from Seattle is Spokane, the metropolis of the Inland Empire, dominating the great agricultural territory of Washington and Idaho. In the region of Spokane travelers will see great ranches which are emblematic of the West.

Yellowstone National Park and Glacier National Park, two of the world's finest scenic treats, remain to be listed. They are so universally known that any lengthy mention is unnecessary. Yellowstone is the most varied and finest collection of volcanic phenomena known to man, consisting of beautiful geysers (the most famous being Old Faithful, Mammoth, Hot Springs) the Grand Canyon of the Yellowstone River which owes its unrivalled coloring to the internal fires of the earth, boiling "paint pots," and a mountain of volcanic glass. There is no other spectacle on earth like Yellowstone. Comfortable motor cars carry visitors around the Park on convenient schedules. Equally beautiful as the attractions inside Yellowstone is the famous Cody Road connecting the railroad terminal with the East entrance of

the Park, a 90-mile trip through Shoshone Canyon by way of Shoshone Lake, which is included free in the tour of the Park to visitors entering or leaving by the Cody Gateway.

Glacier National Park is a glacial region of emerald lakes and jagged granite peaks in contrast to the volcanic spectacle of Yellowstone. Motor, saddle and boat strips are available to suit the amount of time the traveler wants to spend.

After such a circuit, the tourist can really say, "I have seen the West." Unless the entire loop is traveled, another trip will be necessary, for the various scenic attractions do not duplicate one another and he has not seen America who has not seen them all.

Knowledge All Important in Handling Credits

At the Duluth Conference of Retail Credit Men, Mr. Milton J. Solon, Credit Manager of the Dayton Company of Minneapolis made these remarks:

"Handling of retail credit terms has become increasingly important. Credit has made great strides since about 15 years ago. Up to this time, credit was never considered in a national aspect as it is today."

Based on Co-operation

"Then there was no co-operation," he continued, "no contact, and none of the personal friendship of today. The whole structure of credit is based upon co-operation and the free exchange of information.

"There is, however, room for much more development. The credit structure is by no means perfect. We are a long ways from it. Today, it has become a science, even an art, a business all by itself; and it must be studied.

"And I am inclined to believe we don't give the thought and care to our credit departments that we should, for credit in retailing today has gained a permanent place. In nearly every phase of retail merchandising, credit appears in some form or other. Yet many merchants are reluctant to encourage and increase their credit volume because they are unprepared.

Sound Policy a Necessity

"There are two things to consider for good credit today. They are, first, a sound policy based upon good principles. Second, a knowledge of credits and recognition of the fact that correct handling of credits is vital to business.

"If these things are kept in mind, retail credits can be used as a stimulant to business, and not a drag. Bear in mind you must be prepared, and you must know credits before you go out after business."



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Save each issue of the Credit World. Use it for reference when you want credit information.

With this handy binder you can build a credit reference file—with any issue of the Credit World at your finger tips.

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Retail Credit Men's National Association

**Equitable Building
SAINT LOUIS**

Local Association News

Talkes Addresses Atlantic City Chamber of Commerce

Stephen H. Talkes, Secretary of the Associated Retail Credit Men of Washington and Vice-Chairman of the Credit Service Exchange Division of the Retail Credit Men's National Association, addressed the Chamber of Commerce Forum in Atlantic City, New Jersey, on Thursday, February 25th, 1926 his subject being, "The Credit Bureau and its Operation." The Atlantic City Chamber of Commerce will hold a series of meetings relative to the development of credit reporting in their city, and this address is part of the program.

Mr. Talkes is well qualified to speak on this subject as he has been instrumental in organizing credit bureaus in cities on the Atlantic Seaboard during the past five years.

Lake Superior District Conference Discusses Individual Bankruptcy and Installment Selling

The first Conference of the Lake Superior District held in Duluth, February 13, was a decided success. One hundred and fifty attended and voted to make the Conference an annual affair. The success of the meeting was due to the efforts of Chairman W. B. Brinkman and the Retail Credit Men's Association of Duluth.

H. W. Hoklas of Minneapolis was elected President of the Conference organization and with the other officers will select the time and place for the next meeting.

New York State Conference a Success

One hundred and twenty credit men and women from all parts of New York State attended the annual conference at Rochester, February 12. Arrangements for the meeting were made by Edward E. Ott, President, and a committee of the Rochester Retail Credit Men's Association. The principal addresses were made by J. H. Edgerton, McCreery & Co., New York; Douglas Drummond, Dey Brothers, Rochester; Geo. L. Edmonds, The Wallace Company, Schenectady; J. Gordon Ross, Rochester Gas & Electric Company, Rochester; National President R. W. Watson, and Past-President Sidney E. Blandford. The next conference will be held in Auburn on February 21 and 22, 1927.

Sarasota, Florida, 100% National

The Merchants' Association and Credit Bureau of Sarasota, Florida, on February 8, voted to make their organization 100% National by requiring each member to take out National membership. The progressive merchants of Sarasota realize the value of a nationwide co-operation among retailers to eliminate the undesirable.

John J. Hayes Dead

Mr. John J. Hayes, Credit Manager Diamond Ice & Coal Company, and President of the Retail Credit Men's Association of Wilmington, Delaware died on February 20.

Mr. Royden C. Bryan of the Morris Plan Bank succeeds Mr. Hayes as President of the Wilmington local.

Boston Retail Credit Men Hold Monthly Meeting

At the recent monthly meeting and dinner of the Retail Credit Men's Association at the Hotel Westminster a general discussion of retail credit experience was held, at which the quiz masters were J. J. McCarthy of the E. T. Slattery Co., and J. F. Madden, of the Chandler Co.

F. C. Gorman, attorney of the association, spoke on the "Advantages of Well Prepared Cases in Court Collection and Why Poorly Prepared Cases Fail." At the next meeting the annual election of officers will take place.

Dallas Association Active

The Dallas, Texas Association, under its new president, Sam Hymes, is increasing the attendance and interest of its members by a series of discussions on topics of current interest to credit men.

At several meetings, the question of installment sales was taken up and, in addition to two well prepared papers, the general discussion which followed their presentation was both interesting and instructive.

Other live problems will be taken up at future meetings, and it is hoped that the attendance will continue to improve.

Montana State Meeting

On January 12-13-14, retail merchants and credit men from all corners of Montana met at Livingston under the auspices of the Commercial Service Association, which from a single reporting bureau has developed into a state-wide organization due to the efforts of Floyd J. Habein of Livingston. President Watson of the R. C. M. N. A. made an interesting address at the evening Banquet attended by several hundred.

Portland, Maine, Association Opposed to Direct Inquiry

The Portland (Maine) Credit Men's Association has gone on record as opposed to the Direct Inquiry about members either locally or out of town and issued a bulletin setting forth their reasons. Miss Mabel Osborne Stewart is Secretary of the Association.

Some Effects of the Coal Strike

"It is estimated that 85 per cent of the higher-paid miners own automobiles, all of which are purchased on the instalment plan. When the strike came, the finance companies reclaimed the cars because of the lapse in payments and stored them in garages. In one building there were nearly 400 cars in storage. The finance companies are now selling these cars back to the miners, who will be permitted to resume payments where they left off, rather than dump the cars on the secondhand market. Radio and furniture dealers for the most part allowed the miners to keep goods purchased on the instalment plan. The dealers report on the basis of experience that only a small proportion of the miners will neglect to renew their payments.

"Two department store managers in Wilkes-Barre reported that charge account sales fell off very little and during the first three months of the strike they considered their trade normal. In December, their cash business fell off about 10 per cent and, in January, 30 per cent. A Scranton department store proprietor found that his cash sales dropped off during the strike at an average of 15 per cent while his charge sales rose one per cent. The usual increase of growth had been 10 per cent heretofore. Collections at this establishment were reduced by only one per cent."

—From a Local Bulletin



The Ambassador Hotel, Los Angeles, California

Convention Center
for the
Retail Credit Men's National Association
August 10-13, 1926

A Hotel Built For Conventions

Convention sessions in the Fiesta Ball Room; Dancing in Cocoanut Grove; Swimming in the Ambassador marble-tiled pool, canopied in roses and wistaria; Dining in banquet halls where beauties of the silver screen come to life.

Where Do The Film Folks Go?

"We want to see the motion picture stars in real life!"

This is always the first demand of visitors in Los Angeles, and the answer is always "You will find them at the Ambassador." For that is where they congregate to dine and dance. It is there, in the far-famed Cocoanut Grove, that film beauties and dashing heroes of the screen are to be seen in real life. It is there that the world's most beautiful women parade in their flashing jewels and magnificent gowns, turning the place into one of the recognized fashion centers of the country.

They dance, too, in the "fiesta ballroom," but during the convention of the Retail Credit Men's National Association this room will be used solely as a convention hall. This room was especially built and decorated to provide visitors with real Spanish "atmosphere," and with its stately, fluted columns, its

spaces of tile work floor, its hedges of clipped box and palms, it reflects the out-of-door spirit of the west, of Southern California.

The Ambassador Hotel is situated on Wilshire Boulevard, the highway that leads from the very heart of the city to the sea. It is surrounded by beautiful lawns and gardens, and affords ample opportunities for conducting a convention that will never be forgotten by those who attend. For those who desire accommodations down town the Alexandria offers equal attractions, while those who would rather get away from the center of the city will delight in the Rancho Golf Club; in the gardens and spacious walks of the Ambassador; in its swimming pool by day time and its vine draped verandas in the cool August evenings.

All Roads Lead to Los Angeles and the Ambassador in August

From there many fascinating excursions may be made to the sea and along the coast, or to the mountains crowned with famous resorts.

Catalina—the magic island where flying fish and mermaids abound—invites the traveler.

Mt. Lowe, resting in the clouds at the head of one of the greatest scenic railroads (a most thrilling ascent!) provides a bird's eye view of Southern California and the near-by mountain peaks of Mexico.

Thousands of miles of shining highways wind through scented orange groves and roses, carrying the visitor into the very heart of California beauty.

These are but highlights of the joys awaiting all travelers who follow the roads to Los Angeles and the Ambassador in August.

You can make your reservations by writing to

Hotel Rates

The Ambassador

\$4.50 a day per person, two in twin bedded rooms with connecting bath.

\$4.00 a day per person, three in rooms with connecting bath.

\$7.00 a day per person in room with single bath.

\$10.00 a day for twin bedded rooms with private baths.

The Alexandria

\$3.00 a day per person, two in room with bath.

\$4.00 a day for one person in room with bath.

W. W. WEIR

**Care of Retail Merchants Credit
Association
Los Angeles, Cal.**

The Value of Retail Credit as Viewed By a Retail Merchant

(Continued from page 6)

seven hundred and fifty-two women. We made a list of nearly five hundred women, who regularly had one girl in the department who served her, and we gave these salesgirls a list of these ladies' names and we said to them, "Now, the next time Mrs. Jones comes in, after you have finished with her, go, yourself, into the millinery department and show her some of the millinery that we have here, make a point of contact for her in that department, and do the same thing with the corsets and with the underwear department, if possible." You know, we began to see results almost immediately.

If you have a woman in your store who is in the habit of buying dresses and she is consistently buying dresses in your store, she has an account in your store and that is all she is buying in your store, you can gamble that she is buying dresses in your store because she thinks she is getting better value, better style, she is better pleased, but probably because she is being served by a girl in that department who pleases her. She is a logical prospect for every other department in your store that carries merchandise which she uses and which she requires. She is a logical prospect for your millinery department, she is a logical prospect for your shoe department, she is a logical prospect for any number of departments in your store, and she is waiting for you to ask her to buy merchandise in those departments.

You cannot broadcast that through the newspapers, you can send her a personal appeal, but no sales manager in the world, no advertising manager in the world, can get that information without the co-operation of the Credit Department. So then, I believe that you can increase the volume of your stores profitably, not only by increasing the number of accounts but by increasing the number of departments in which customers buy. I do not know how many of you have the facilities at your command to make such an analysis, but I do know this, that any credit manager has the facilities at his command to pick out the outstanding cases in his stores; and if he does not do anything but that, he will be able to increase his store's volume materially.

You know, it is a very interesting thing, you only need to increase a store's volume by ten per cent to double the profit, providing you do certain other things. If you can increase the

volume of your store by ten per cent, without any more rent, without any more overhead except the overhead that is incident to wrapping packages, twine and so forth and so on, you will double the net profit of that business. Now, there is not a store in the country that cannot do ten per cent more business, without adding another sales person and without any more overhead, without carrying one dollar's worth more of stock; it will turn its stock just that much faster, if the right effort is brought to bear.

The trouble is, we too rapidly increase our expense when we increase our volume; but if you can get more people coming into your store, into more departments of your store, without spending more for advertising, without spending more for rent, without carrying more stock, as I have mentioned, you will double the net profit in any store in the country.

So then, you see how important this little thing is, you are going to use the facts that are at your command and you are the only one who has those facts, your Credit Department is the only one that can get those facts with the co-operation of other departments, and if you use those facts more intelligently, you are going to have some new ideas to increase the volume of your business.

I think that too few of us pay attention to the accounts that are inactive. I know it is quite the custom to write them a nice little letter, tell them you are sorry you have not seen them, etc. and I think that is of value, but I do not think we get down far enough.

I remember a friend of mine who was quite distressed by the number of accounts that were being closed. He asked me what he was to do about it, and I said, "How do I know? Why are they being closed?" He said, "That is what I want to know." I said, "Have you asked any of them why they closed their accounts?" He said, "No, I haven't." I said, "There is only one way to find out, that is not letters, not telephones, it is for a man in this institution, an executive of authority to go out and interview these people." The superintendent of the store volunteered to do the job, they gave him the facts and he went out and interviewed a large number of people, and, do you know, that nearly

forty per cent of the people had closed their accounts because of trouble with the credit office. It simmered itself down very largely to courtesy at the credit office.

When they came right down to hard facts, they found the trouble existed because of so many inaccuracies in their bills, merchandise that should have been credited was not credited, and when they got down to find out why that was not done, they found that failing to put the credit through was due to sales people, who took the merchandise back and did not see that a credit was put in, because they were on a bonus plan of payment and they held them over. They changed their method of putting in credit and took all authority away from the sales person, she could not even unwrap a package. I do not suppose there is a store here represented that uses that old method, but there are other things, perhaps, that the credit department is doing that is driving customers away.

I think that I have told you what value the merchant puts into a retail charge account. He is only interested in that retail charge account just in so far as it increases profitably the volume of his business. The credit department of a department store, as I have seen it in the last few years, has not been a producing department; it has been an expense account, pure and simple. You have in your hands the opportunity of showing your superiors that the credit department is not an expense account. You have that opportunity by showing him that you can increase, profitably, the number of accounts that you handle.

Now, I just want to say a word there. There are many people who are constantly purchasing merchandise in your stores for cash, and they are doing it week after week and month after month, and you do not know a thing about it. They get less consideration from you than the woman who has an account, because they have no identity, and yet it is a plain business proposition that the man who pays his bills by cash gets better terms and gets more consideration than the man who hangs you up for thirty to ninety days.

I think there are plenty of ways that the credit department can ascertain the people who are buying merchandise regularly in your store for cash. If you haven't any other way of finding it out, use the delivery department, and a careful analysis made over a period of five or six months would probably show you a way of increasing your charge accounts at least ten per cent, and profitably.

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Keeping the Customer Within His Credit Limit

Pertinent Paragraphs from Credit Authorities in Birmingham, Alabama

When a good customer is permitted to overstep his bounds of credit, has incurred more debts than he can meet at the end of the month—who is to blame? The lenient attitude of the credit man—or the too aggressive spirit of the salesman on the ground floor, who, working on a commission, frequently sells the customer more than his salary should justify?

Here is a problem that should be tactfully handled, for in many cases the customer is not alone to blame. In some instances, a prompt pay man is permitted to slump into the "slow pay" class, simply because frequently the proprietor or salesman has encouraged him to buy more than he can pay for—such is often the case around the holiday season, when every merchant is imbued with the spirit of swelling his sales to the maximum and to reduce his stock to a minimum for inventory time. The following are a few answers to this vital question, from the banker's viewpoint as well as the credit man's.

W. W. Gard

Pres. Brotherhood Locomotive Engineers Bank & Trust Co.

If a physician were called in a case of, say, anemia, to administer an injection of blood or red corpuscles or a toxin to cause a reaction to rebuild the red corpuscles in the blood you would expect the physician to make a complete examination, ascertain the exact condition of the patient and apply such corrective measures as the emaciated condition would warrant. No more—no less. It stands to reason that a dose or doses in too small quantities might not relieve or benefit the condition, while an overdose might, and usually does, prove fatal.

A person really requiring and requesting credit is financially anemic, which condition, if a condition does exist, needs corrective attention. This corrective attention must be applied in a thorough and profuse manner, not haphazard lest the patient be fatally injured.

The trouble with our present age is that this corrective financial measure called "Credit" is too often applied in every imaginable manner but the way it should.

Downstairs the salesman, who is frequently paid on his volume of sales is pumping credit into some poor individual who is so weak financially that he could well be termed a "financial cadaver." This individual, already pauperized by overflowing credit, trades at a full dozen stores each with a salesman pumping him full of goods on time—"pay as you consume." Upstairs is the credit man whose reputation is based on "his" losses. By the time the credit man has been able to break through the "crust" of this "financial cadaver" he finds to his dismay the patient has "financial tuberculosis" and the whole fiasco ends in the "financial infirmary" called the "Bankrupt Court."

A good portion of the credit extended today does not stimulate and make closer and more conservative buyers and better payers but it works just the opposite by sustaining and nurturing a wide circle of financial delinquents.

Our whole method must change.

W. A. O'Hara

Credit Mgr. Hirsch Millinery Co.

Like so many other credit problems, keeping a customer within their credit limit can have no set rule—different individuals requiring different handling. The usual plan that I adopt is this: If a customer has reached his credit limit and should come in and make a small "take with" purchase I will pass a charge and write a letter calling attention to oversight of buying on an account that has already exceeded the credit limit or is past due and asking for a substantial payment on the account before another charge is made. If the charge is large and is to be sent out on delivery I may hold the article and write asking for settlement of account before last charge is sent out. However, if the charge is large and the customer wishes to "take with" then they must be called to the office and interviewed as tactfully as possible with the view to getting a settlement of the account before delivering the last purchase.

Operating under the above plan I have been able to handle such matters without offending anyone—unless it was a customer who was trying to run

the account up with the intention of "beating" you and then we don't care if they do become offended.

W. V. Trammell

Sec. Birmingham Merchant Credit Association

The most effective corrective measure is a plan adopted by a certain store that checks through their ledgers each month and asks credit reports on every customer who shows the least tendency to overbuy; or who exceeds his credit limit.

This works advantageously for every one interested in such an account, as it enables the Credit Bureau through their "watch service" department to send a copy of the report to each creditor, where the debtor's condition shows over-buying or other weakness.

Paul Vaughan

Credit Mgr. Loveman, Joseph & Loeb

It is difficult to set an exact limit for any customer; circumstances sometimes should permit a customer to exceed his usual credit limit; for instance, a man may desire to purchase the entire trousseau for his daughter's wedding at one particular store, such a case means unusual heavy purchases—should not the limit be strained a bit?

We make it a set rule in the cases of the chronic slow pay type, to ask for a complete settlement of the previous month's bill, before charge purchases are O. K'd on the following month. We make it a point to inform such customers in writing, thus eliminating any embarrassment on the part of the customer. But even this rule, at certain times must be modified to conform to special conditions that might arise.

—Reprinted from "Billy Dues"

Retail Merchants of St. Joseph, Mo. Back Up Their Credit Bureau

The St. Joseph Gazette of Sunday, February 21, devoted a full page to an interesting write-up of the Retail Merchants Credit Bureau, of which Mr. W. Z. McNeil is Manager, giving a detailed account of its operation and showing cuts of the various offices and departments. The bureau was organized in 1920 and has over 300 members.

Report of Tri-State Conference Detroit Mich., Feb. 8-9, 1926

The Tri-State Conference, held in Detroit, February 8 and 9, assumed the importance of a national convention. Three hundred and fifty credit men and women from Michigan, Ohio and Indiana attended, and from the time Mr. R. B. Chaffee, President of the Retail Credit Men's Association of Detroit welcomed the delegates, until the close of the meeting, there was an intensive study of retail credit problems. That the program was interesting was evident, because the delegates remained in the hall. Mr. E. B. Schick, Credit Manager of Crowley Milner Company of Detroit was Chairman and, with Managing Director Woodlock, conducted the "Open Forum" discussions. Almost a whole day was devoted to installment selling, a remarkable feature being that the meeting was almost unanimous in endorsing the soundness of installment business conducted in proper credit lines, believing the abuse of, and competition on terms were the things which make installment selling unsound.

The Detroit Association provided entertainment after business sessions which were greatly appreciated. A smoker for the men and a theater party for the ladies was the Monday night feature and a Banquet at the Book

Cadillac Hotel attended by six hundred Tuesday night. The Toastmaster, Mr. R. B. Chaffee, Credit Manager of the Ernst Kern Company proved a most witty and entertaining host. Talks were made by National President R. W. Watson, of Spokane, Washington, Vice President E. B. Heller of St. Louis and Managing Director D. J. Woodlock. The speaker of the evening kept the audience in a continuous roar of laughter for an hour. Dancing, with wonderful electrical lighting effects, followed. It was voted the best conference ever held.

Retail Credit Men See Nothing Wrong with Installment Selling if Properly Handled

At the Tri-State Conference of Retail Credit Men held in Detroit under the auspices of the Retail Credit Men's National Association, over three hundred credit grantors spent several hours in a discussion of Installment Selling and expressed considerable disapproval of the hue and cry of wholesalers, bankers and others as regards the unsound economic features of Installment Selling. The following resolution was passed with but one dissenting vote.

The Wholesale Association of Credit Men was criticized for laying all the blame for the evils of Installment Selling upon the retailer and it was pointed out the plan of selling clothing, shoes and perishable merchandise was first advanced by manufacturers desirous of increasing output.

The resolution follows:

The Installment Resolution adopted by the Tri-State Conference of the R.C.M.N.A., Detroit, Feb. 9, 1926.

"Whereas the deferred payment plan of retail distribution of merchandise has been a subject of nation-wide discussion and has been subjected to a searching analysis and, in many instances has been viewed with alarm and distrust, and as a problem fraught with economic difficulties; and

"Whereas the alarm and distrust is not without foundation, owing to the practices that have developed without consideration for its application as a legitimate means or retail distribution and service, having in so many instances the thought only of increased volume without consideration for the interests of the purchasing public whose welfare must be conserved if business is to continue; and

"Whereas the situation as applied to deferred payment has in many instances and in many cities developed into competition in terms;

"Be it resolved: That it is the consensus of opinion of the tri-state confer-



Banquet—Tri-State Conference, Detroit, Mich., Feb. 9, 1926

ence of the States of Michigan, Ohio and Indiana, in meeting assembled at the Hotel Statler, Detroit, Mich., Feb. 8-9, 1926, that the deferred payment plan is sound economically; that it contributes to the better welfare of the American home; that it makes possible the purchase of household utilities, lightening the burdens of the housewife that could not otherwise be obtained; that it contributes materially to the happiness and contentment of the American people on which the stability of the Nation depends; that this plan of selling is equally profitable with cash and regular charge business to the merchants in the increase of volume; that it naturally provides the personal contact of the store personnel with new customers who are retained by this service which pleases them, meets their requirements and promotes a desire in them to continue to trade where such service is rendered; that it does not lower the dignity of any class of merchandising so long and in so far as it is ethically conducted in fair and sound competition; and the losses involved in this plan of payment are not and will not be any greater than through the ordinary channels of retail credit business.

"This convention urges the merchants of the country to find and establish more uniform methods of control in operation which will eliminate the possibility of competition in terms, and minimize the possibility of over-buying."

Southern Conference Scheduled for March 15th

As this issue goes to press, Knoxville Credit Men are putting the finishing touches on their plans for the Second Southern Conference, which is being held in Knoxville, Tenn., Mar. 15th and 16th.

This promises to be an outstanding Conference. All credit grantors and bureau managers south of the Ohio River and east of the Mississippi have been invited and an unusually fine program has been arranged.

Five National Officers will be present: Vice-President Heller, Directors Goldschmid and Karpeles, Managing Director Woodlock and Secretary Truesdale of the Service Division.

Dewey W. George, the capable secretary of the Knoxville Association (and better known as the man who carried off all the membership trophies at our last convention), is in charge of arrangements.

A full report of the Conference will appear in our April issue.

Retail Credit Men of Iowa Begin Drive to Amend Laws

For many years the Retail Merchants of Iowa have known they were not sufficiently protected from fraud under the State Laws relating to garnishment, liens, exemption, etc.; but, though numerous attempts have been made to revise the laws, nothing has been accomplished. Now the Retail Credit Men of the state, with a committee composed of W. C. Slotsky of Sioux City, Chairman, C. H. Gimer of Des Moines, E. G. McIntyre, C. H. Bryant, H. M. Nielson of Des Moines, Helen I. Croul of Davenport, Jos. Spengler of Cedar Rapids, Milton Goldman of Des Moines and John Beno of Council Bluffs, have undertaken to draft a law which will be fair and equitable to all concerned and propose to present it to the Legislature for adoption.

Various state organizations have been asked to pass the following resolution and it was adopted by the State Clothiers Association without a dissenting vote.

WHEREAS, the present economic situation in Iowa necessitates a revision of the exemption laws of the State of Iowa, and

WHEREAS, it is necessary to subject at least a small portion of a married man's earnings to garnishment to alleviate the existing bad credit situation and to bring about a reduction of prices on merchandise, and

WHEREAS, the State of Iowa is one of few states having an exemption law in its present form with respect to earnings of a married man, and

WHEREAS, a bill subjecting a small portion of a married man's earnings to garnishment is to be introduced at the next session of the legislature of Iowa.

NOW THEREFORE BE IT RESOLVED THAT, the.....

.....on this.....day of.....1926, go on record as being in favor of the said bill and that the Secretary be instructed to give the necessary support and cooperation in behalf of this legislation. In support of this resolution and in opposition to the present exemption law, the following reasons are given:

- That the exemption law in its present form protects the dishonest person, who makes purchases with the intention to evade payment for the same.

- That it encourages extravagance.
- That those paying their bills punctually are obliged to pay more for their merchandise as a result of bad credits.
- That the merchant has only limited protection on his accounts.

BE IT FURTHER RESOLVED THAT, a copy of this resolution be sent to the members of both houses of the Legislature and a copy of the same be spread upon the minutes of the Association.

Dated this.....day of.....A. D. 1926.

Managing Director Woodlock has assured Chairman Slotsky the National organization is back of its Iowa members 100% and will do all it can to provide the same safeguards for the Credit Grantors in Iowa as we have in other states.

Road Signs to Boost Good Credit

The Mesa County Credit Association of Grand Junction, Colorado, are keeping their name constantly before the public by placing one hundred metal signs on telegraph poles along the most traveled roads throughout the country. Made of black iron with yellow lettering within a red circle, they catch the eye.

This cut is a sample of one of the signs. The reading matter on each is different and brings home some good credit policy. The idea was original with Mr. A. B. Sanders, Manager of the Association.



An Efficient Card Record Collection System

(Continued from page 8)

previous. The accurate transcript of the account and of the previous collection effort is there on the card. It is not necessary to trust to memory or to get out cumbersome files as the actual copies of the letters actually sent the customer are filed separately.

The collection card may be brought into play at any time desired before it is reached in the above outlined procedure aimed at the ordinary slow account. At any time the bookkeeper notices overbuying or an account going over the limit, it is reported and the card may be immediately brought to date at the discretion of the credit man, and collection begun. An account closed for any reason whatever is brought to date and the collection followed according to its merits. The credit adjustment clerk notes unusual adjustments on the card if the collection is held up due to irregularities of that nature. Special arrangements as to terms are noted on the card at the time of sale.

As many losses are due to overbuying or inability of customer to gauge paying power, our collection card system containing the occupation of the customer lends itself to discovering changes of addresses, occupation, etc. If credit has been extended, say, to a woman office worker on the basis of her employment and we find by phoning her that she is no longer there the account may be closed until further evidence of credit worthiness has been advanced. In a city like ours, where changes of residence and business address are so frequent, the keeping open of two avenues of tracing information (namely, business and residence) cannot be overestimated.

When the collection card is active, or is being used as the collection guide, the account cannot be inactive and needs no circular to revive the account. The inactive collection cards are the mailing list for circularizing inactive accounts. Closed accounts easily distinguishable from the collection card are not circularized. A separate mailing list is maintained by the advertising department for general circularization.

A brief discussion of the above card-control collection system will now be undertaken.

A skeleton card is immediately available and carries the necessary identifying information. It needs only to be brought to date. It provides a per-

manent record of past difficulties in dealing with a customer. No need to resort to memory or to accept the later excuses of the customer. You can read his record to him when necessary as it contains a history of previous dealings. The card is made at no expense save stationery, being a copy of a necessary operation of inquiring for a credit report from the local association. In its get-up, it fits perfectly into the uniform files since it is 3 x 5. It dovetails into the record of the credit association, which standardization is good office system. If a customer wants to discuss the standing of an account, it may be done from the instantly available collection card if it is active and the operation of billing need not be interrupted due to the ledger lying on the desk of the credit man. The collection information is concise, as abbreviations are used, and the actual copies of letters, seldom referred to, are filed separately. A duplicate credit record is thus available on weak accounts when an original record has been misfiled. The notations on it are a guide to determining credit worthiness, or if the account is unsatisfactory or unprofitable indicates whether the account may be continued or stopped permanently. The record is available to any attendant of the credit office and none of the information is carried in the head of any one person to whom an account must be referred for action. Detrimental information has immediately been made use of and the card after becomes a credit report in brief.

It may not be entirely amiss to dwell a moment upon some of the salient features of the system outlined above. It is obviously a boon to collections to have instantly available a skeleton card for the basis of every account provided it can be instituted at no additional expense. Another very important feature is its dual role as a basis for circularizing the inactive accounts. The thousands of hand-picked accounts have been obtained at some initial expense and are in dollars and cents as valuable assets as the stock in trade. They represent something tangible and of value and consequently should be intelligently handled. The customer who has once been served to his satisfaction has indicated his good-will toward the store and it should be relatively more easy to sell him again and again than to attract a profitable customer who has formed the habit of trading elsewhere.

The potential value of the Credit Department in maintaining good-will is becoming more apparent each day as is the value from a standpoint of sales promotion. The inactive account should not be permitted to become dormant but should be cultivated with intelligent sales literature at regular intervals. It is a good maxim in business to pick one's own customers and to cater to a definite trade rather than to drift aimlessly in store appeal from the sales standpoint. "Collect the money and sell again" should be the plan of the merchant doing a credit business. There is no better indicator of what constitutes a profitable customer than the records of a credit department. The purpose of all credit and collection activity should be to attract, develop and maintain profitable credit customers. If the paying habit is too slow or unsatisfactory to be profitable, get him off the books, sell him for cash and replace him with a good credit customer. When a customer has formed the habit of discharging his obligations in a satisfactory manner, he is worth two new applications since in the former case you have carefully selected the customer, while in the latter case you have been selected by him for a reason oftentimes of a different nature. When the collection of the account is delayed the customer may avoid you since he does not wish to obligate himself too deeply—collect the account and he is in better mood, position and inclination to buy again.

Cars Worth \$3,000,000,000 Sold on Credit in 1925

More than \$3,000,000,000 worth of new automobiles were sold on the installment plan in 1925, it is brought out in a survey prepared for the American Bankers Association Journal by C. C. Hanch, general manager of the National Association of Finance Companies. On the average 75½ per cent of all motor vehicles are sold on credit, he says, about \$2,000,000,000 representing the total amount of deferred payments on new cars, on which there were total cash down-payments of \$1,000,000,000. The deferred payments on used cars, he says, totaled \$900,000,000, and he estimates the total amount of automobile paper outstanding at a given time at \$1,500,000,000.

"Thus far automobile paper has been sound," Hanch says. "The loss ratio has been very small, and banks have had satisfactory experience with the paper of automobile finance companies."

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